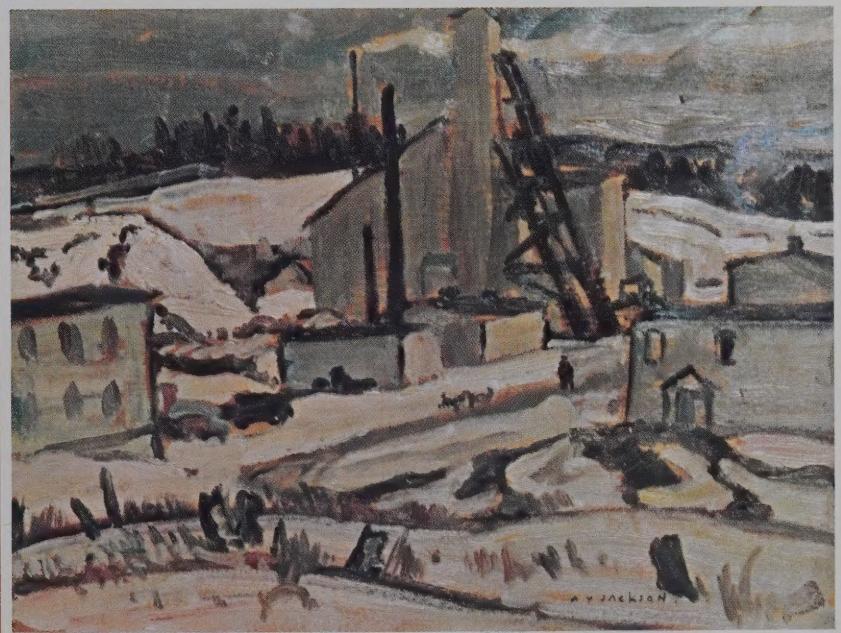


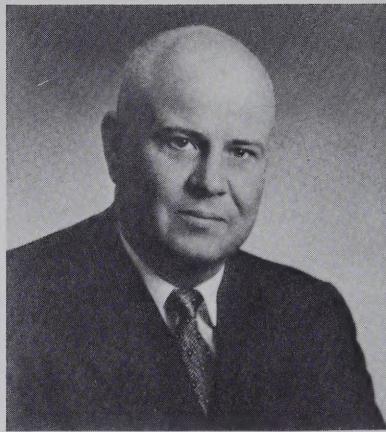
AR38

~~Anything new in these?~~

THE
DICKENSON
GROUP OF COMPANIES



**ANNUAL REPORTS
1972**



ARTHUR W. WHITE
President

DICKENSON MINES
ROBIN RED LAKE MINES
(Dickenson Mines Subsidiary)
KAM-KOTIA MINES
JAMELAND MINES

AS A GROUP from inception to December 31, 1972
have produced mineral wealth as follows:

1,746,522 ounces of GOLD
5,728,712 ounces of SILVER
152,853,503 pounds of COPPER
170,199,750 pounds of ZINC
55,190,296 pounds of LEAD

DIVIDENDS TOTAL		Per Share
DICKENSON MINES	\$7,981,551	2.45
KAM-KOTIA MINES	\$2,640,340	.62
ROBIN RED LAKE MINES	\$ 147,500	.05 *

* Initial dividend.

The Annual Reports for 1972 for Dickenson Mines, Robin Red Lake Mines, Kam-Kotia Mines and Jameland Mines are presented together due to the corporate relationship between them.

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INVESTMENT SCHEDULE	Inside Back Cover

COVER PICTURE

"Gold Mine" by A. Y. Jackson.

A representation of the Dickenson Mine in 1952.

A. Y. Jackson, born 1882, is considered to be the dean of Canadian landscape painters. He studied in Europe and became a Canadian Official War Artist in World War I. At the end of the war he returned to Canada and was one of the founding members of the "GROUP OF SEVEN" a group of Canadian artists of renown.

The "Group of Seven" held its first Exhibition in 1920. During six decades A. Y. Jackson's work portrayed the geographical detail of the Canadian scene and especially the Ontario mining towns, Eskimo settlements and British Columbia Indian enclaves.

DICKENS ON MINNESOTA LIMITED

DICKENSON MINES LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS

In presenting the Consolidated Financial Statements and the Annual Report for Dickenson Mines Limited for the year 1972 the period under review must be noted as the Company's most exciting year since its first days of production — we refer to the dramatic rise in the price of gold in the free market.

A chart in this report, prepared by the Northern Miner Press of Toronto, shows what happened to the price of gold from the beginning of April 1972 to the end of February 1973. It will be seen that the full effect of the price rise was not felt in the Company's 1972 fiscal year; nevertheless, the average price obtained by the Company for the bullion was \$58.95 per ounce.

The sharp increase in bullion revenue in 1972 has resulted in a cash generation before taxes of \$1,507,000 compared with \$265,000 in 1971. After providing for taxes, depreciation and an extraordinary item (the adjustment in allowances for decline in value of investments) the net income for 1972 is \$479,000 as compared with \$264,000 in 1971. Earnings in 1972 before the extraordinary item are 33 cents per share, after adjustment they are 13 cents per share compared with 7 cents per share in 1971.

To return to the story of the free gold bullion market, since the end of 1972 the price of gold has touched \$95 per ounce and, at the time of this writing, is between \$80 and \$83 per ounce. This promises well for the Company's 1973 year. It can be said that so far during 1973 an average price of \$69.03 per ounce has been obtained for 1973 bullion production.

In the excitement surrounding the meteoric gold market it must not be forgotten that the Canadian Government has extended 'cost-aid' or Emergency Gold Mining Assistance until 1976. This, while not immediately of value to the gold industry must obviously provide stable conditions for Canadian producers. It should be remembered, that without E.G.M.A. in the past many Canadian gold mines would not be alive to take advantage of the new prices.

ROBIN RED LAKE MINES LIMITED

The subsidiary of Dickenson Mines could hardly have come into production at a more fortuitous time — the high grade of its ore, its production facility through the Dickenson mine and mill and the developing ore reserves all depict a promising future for the mine.

DICKENSON MINES LIMITED

From the financial statements presented herewith a healthy operating income of \$794,000 in 1972 as compared with \$103,000 in 1971 will be seen, which, after deductions for depreciation, amortization and taxes, results in a net income for 1972 of \$430,000 or 14 cents per share.

DIVIDENDS

On November 2nd, 1972 both Dickenson Mines and Robin Red Lake Mines each paid a dividend of 5 cents per share to their shareholders.

F. A. (TED) FELL

This year Ted Fell retired as General Manager of the Dickenson Mines Company. Following graduation in 1933 (B.A.Sc., Mining) he worked at a number of Ontario properties before joining the Brewis & White team starting development on the Dickenson property in 1946. Before coming to Dickenson, Ted held a responsible position at the Siscoe mine when he was awarded the C.I.M.M. medal for bravery for the rescue of two men from underground. He guided the Dickenson Mine from its beginnings to profitable production. At the same time he became deeply involved in giving form and vitality to the new community of Balmertown.

Although he is no longer General Manager he continues to be a Director of the Company and his experience and technical knowledge will be available to us.

APPRECIATION

The Board of Directors wishes to express its appreciation for the co-operation and loyalty of the Officers and Personnel of the Company.

Submitted on behalf of the Board,

Toronto, Ontario.
March 8, 1973.

ARTHUR W. WHITE,
President.

DICKENSON MINES LIMITED

Consolidated Statement of Income For the year ended December 31, 1972

	1972	1971
Revenue		
Bullion production	\$5,105,000	\$3,171,000
Emergency gold mining assistance	—	325,000
	<hr/>	<hr/>
	5,105,000	3,496,000
Expense		
Mining	1,502,000	1,426,000
Milling	596,000	558,000
Mine management, office and general	484,000	446,000
Exploration and development	365,000	382,000
Provision for Ontario mining taxes	220,000	9,000
Head office administration and general	189,000	140,000
Marketing	23,000	17,000
Interest on bank loan	2,000	29,000
	<hr/>	<hr/>
	3,381,000	3,007,000
Operating Income	1,724,000	489,000
Other Income		
Income from investments	31,000	3,000
Profit on sale of investments	2,000	—
	<hr/>	<hr/>
	1,757,000	492,000
Other Expense		
Amortization of deferred development expenditures (Note 3)	136,000	99,000
Provision for depreciation of buildings, machinery and equipment (Note 4)	114,000	128,000
	<hr/>	<hr/>
	250,000	227,000
Income Before Income Taxes	1,507,000	265,000
Income taxes (Note 9)	250,000	—
	<hr/>	<hr/>
Income Before the Undernoted	1,257,000	265,000
Minority shareholders' interest in earnings of subsidiary	94,000	1,000
	<hr/>	<hr/>
Income Before Extraordinary Item	1,163,000	264,000
Adjustment of allowance for decline in value of investments in other companies	684,000	—
	<hr/>	<hr/>
Net Income for the Year	\$ 479,000	\$ 264,000
Earnings per share		
Before extraordinary item	\$.33	\$.07
After extraordinary item	.13	.07

The accompanying notes form an integral part of these financial statements.

DICKENSON MINES LIMITED

ASSETS

Current

	1972	1971
Cash and short-term deposits	\$ 705,000	\$ 82,000
Bullion on hand and in transit, at net realizable value	536,000	315,000
Emergency gold mining assistance receivable	31,000	18,000
Accounts receivable and accrued interest	79,000	83,000
Prepaid expenses	20,000	17,000
	<u>1,371,000</u>	<u>515,000</u>

Investments in Other Companies (Notes 7 and 10)	5,134,000	5,248,000
---	-----------	-----------

Fixed, at cost

Buildings, machinery and equipment	5,987,000	5,884,000
Less: Accumulated depreciation (Note 4)	5,710,000	5,596,000
	277,000	288,000
Mining claims (Note 4)	392,000	392,000
Townsitc lots	113,000	87,000
	<u>782,000</u>	<u>767,000</u>

Other Assets and Deferred Charges

Interest in and expenditures on outside mining properties less amounts written off (Note 5)	510,000	473,000
Deferred development expenditures (Note 3)	323,000	458,000
Stores and supplies, at average cost	392,000	368,000
Deposits	36,000	6,000
Other deferred charges	14,000	25,000
Organization expense	—	2,000
	<u>1,275,000</u>	<u>1,332,000</u>
	<u><u>\$8,562,000</u></u>	<u><u>\$7,862,000</u></u>

The accompanying notes for

Consolidated Balance Sheet

December 31, 1972

LIABILITIES

Current

	1972	1971
Bank loan (Note 2)	\$ 68,000	\$ 119,000
Accounts payable	308,000	307,000
Wages payable	41,000	40,000
Mining taxes payable	229,000	9,000
Income taxes payable (Note 9)	130,000	—
	<hr/> 776,000	<hr/> 475,000
Deferred Income Taxes (Note 8)	231,000	—
Minority Interest	<hr/> 264,000	<hr/> 132,000

SHAREHOLDERS' EQUITY

Share Capital

Authorized

3,750,000 shares of \$1 each

Issued

3,556,000 shares	3,556,000	3,556,000
Contributed Surplus	1,430,000	1,430,000
Retained Earnings	2,305,000	2,269,000
	<hr/> 7,291,000	<hr/> 7,255,000

Approved on behalf of the Board:

A. W. WHITE, Director.

S. C. SMITH, Director.

<hr/> \$8,562,000	<hr/> \$7,862,000
-------------------	-------------------

DICKENSON MINES LIMITED

Consolidated Statement of Retained Earnings

For the year ended December 31, 1972

	1972	1971
BALANCE, at beginning of year	\$2,269,000	\$2,005,000
Deferred Income Taxes (Note 8)	231,000	—
Net income for the year	2,038,000	2,005,000
	479,000	264,000
	2,517,000	2,269,000
Dividends paid	210,000	—
Organization expense written off	2,000	—
	212,000	—
Balance, at end of year	<u>\$2,305,000</u>	<u>\$2,269,000</u>

Consolidated Statement of Source and Disposition of Funds

For the year ended December 31, 1972

Source of Funds	1972	1971
Net income for the year	\$ 479,000	\$ 264,000
Add: Charges not requiring the use of funds		
Provision for depreciation	114,000	128,000
Provision for decline in value of investments	684,000	—
Amortization of deferred development expenditures	136,000	99,000
Minority interest in earnings of subsidiary	94,000	1,000
Cash earnings from operations	1,507,000	492,000
Decrease in deferred charges	11,000	—
	<u>1,518,000</u>	<u>492,000</u>
Disposition of Funds		
Dividends	210,000	—
Exploration expenditures on outside properties	37,000	12,000
Fixed asset additions	129,000	13,000
Investment in and advances to other companies (net)	132,000	40,000
Advanced under guarantee to retire bank indebtedness of Jameland Mines Limited	400,000	—
Increase in deferred charges	—	9,000
Increase in stores and supplies	25,000	48,000
Increase in deposits	30,000	—
	<u>963,000</u>	<u>122,000</u>
Increase in Working Capital	555,000	370,000
Working capital (deficiency) at beginning of year	40,000	(330,000)
Working Capital at End of Year	<u>\$ 595,000</u>	<u>\$ 40,000</u>

The accompanying notes form an integral part of these financial statements.

DICKENSON MINES LIMITED

Notes to Consolidated Financial Statements

December 31, 1972

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Robin Red Lakes Mines Limited.

The accounts of Duchesne Red Lake Mines Limited and Kenwest Mines Limited have not been consolidated with those of the company as these subsidiaries are dormant and development expenditures since acquisition of control have been deferred to future operations.

2. BANK LOAN

The company has lodged certain of its marketable securities as security for the bank loan.

3. AMORTIZATION

Robin Red Lake Mines Limited amortizes deferred development expenditures at the rate of \$3.75 per ton of ore milled.

4. DEPRECIATION AND DEPLETION

Depreciation has been recorded in the accounts using the straight line method at the rate of 15% per annum.

The company has never followed the practice of providing for the depletion of its mining claims.

5. OUTSIDE EXPLORATION

Costs incurred in the exploration of outside properties are charged to operations when the company relinquishes its interest in such properties.

6. STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined in the Business Corporations Act, 1970) during the year ended December 31, 1972 amounted to \$90,000 (\$87,000 in 1971).

In addition the company paid \$99,000 during the year ended December 31, 1972 (\$84,000 in 1971) to Mid-North Engineering Services Limited for management, accounting; secretarial and office services.

7. INVESTMENTS IN OTHER COMPANIES

Investments in other companies are classified as follows:

	1972	1971
2,097,608 shares (2,097,108 in 1971) Kam-Kotia Mines Limited at cost (quoted market value, 1972 — \$923,000; 1971 — \$870,000)	\$3,139,000	\$3,139,000
Other listed shares, at cost (quoted market value, 1972 — \$362,000; 1971 — \$366,000)	1,472,000	1,420,000
Interest in non-consolidated subsidiary companies at cost	150,000	147,000
Other shares, bonds, advances and participations at cost	2,873,000	2,358,000
	7,634,000	7,064,000
Less: Allowance for decline in value	2,500,000	1,816,000
	\$5,134,000	\$5,248,000

Investments in other companies carried at a net value of \$5,134,000 include securities which had a quoted market value on December 31, 1972 of approximately \$1,407,000. This later amount does not necessarily represent the value of these holdings, which may be more or less than that indicated by market quotations.

8. DEFERRED INCOME TAXES

The company has previously used the taxes payable basis of recording its liability for income taxes. It has now adopted the income tax allocation method, and has recorded the accumulated tax allocation balance through an adjustment to retained earnings. The accumulated deferred income tax credit at December 31, 1972 represents an accrual of income taxes which will reduce income tax charges in future years when write-offs of exploration expenditures and depreciation reflected in the accounts is greater than amounts to be claimed for tax purposes.

DICKENSON MINES LIMITED

9. INCOME TAXES

The amount charged against income for income taxes for the year ended December 31, 1972 represents the liability for that year. The cumulative effect to December 31, 1972 on income taxes of recording expenditures in the accounts of the company less than amounts claimed for tax purposes is set out in Note 8. The company's liability for income taxes for the year ended December 31, 1972, has been reduced because of the depletion deduction allowable to operators of gold mines under regulations to the Income Tax Act.

10. KAM-KOTIA AND JAMELAND

At December 31, 1972, Dickenson Mines Limited owned 48.9% of the capital stock of Kam-Kotia Mines Limited and 15.5% of the capital stock of Jameland Mines Limited. At that date, Kam-Kotia owned 30.3% of the capital stock of Jameland.

Operations at Kam-Kotia's mine at Timmins, Ontario were suspended on December 31, 1972, and at the Jameland mine on December 18, 1972.

The company's allowance for decline in value of its investment in shares and notes receivable of Jameland has been adjusted to reflect their estimated realizable value.

Kam-Kotia's principal asset at December 31, 1972, was its investment in Davis-Keays Mining Co. Ltd., amounting to \$4,126,000. Exploration, development and administrative expenditures amounting to \$6,020,000 at December 31, 1972 have been incurred in the development of Davis-Keays property. These expenditures have been deferred in the accounts of Davis-Keays with the intention that they should be amortized by charges against income from future mining operations. While no substantial expenditures are planned for 1973, studies of the feasibility of alternate methods of bringing the property into production are continuing. These studies have not reached the stage where an opinion can be expressed that the expenditures on the property will or will not be recoverable by charges against income from future mining operations. Return on the investment from mining operations is accordingly dependent upon the obtaining of adequate financing and the successful development of an economic mining operation. In view of this Dickenson has not considered it necessary to adjust its allowance for decline in value in its investment in Kam-Kotia at this time other than for its proportionate share of Kam-Kotia's 1972 net loss of \$1,265,000.

11. SALES COMMITMENT

The company contracted in November, 1972, to deliver 4,000 ounces of gold in the month of April, 1973, for an average price of \$61.80 per ounce (U.S. Dollars). The fixing price at the time of making the contract was \$60.35 per ounce (U.S. Dollars).

AUDITORS' REPORT

To the Shareholders
Dickenson Mines Limited

We have examined the consolidated balance sheet of Dickenson Mines Limited and its subsidiary as at December 31, 1972 and the consolidated statements of income, retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and disposition of their funds for the year then ended in accordance with generally accepted accounting principles which, except for the change to the income tax allocation method as referred to in Note 8 to the financial statements have been applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 19, 1973.

GARDNER, McDONALD & CO.,
Chartered Accountants.

REPORT OF OPERATIONS

I report as follows on the operations at Dickenson and Robin Mines for the year 1972.

	DICKENSON	ROBIN
Ore Milled	119,910 tons	36,216 tons
Recovery — Gold	52,727.614 ounces	33,669.179 ounces
— Silver	5,498.55 ounces	1,660.71 ounces
Grade of Ore Milled — Gold	0.472 ounces per ton	0.998 ounces per ton
Average Value Received — Gold	\$ 58.955 per ounce	
Total Value Received — Gold	\$3,108,560	\$1,984,968
— Silver	\$ 8,999	\$ 3,032

MINING

	TONS	GRADE	TONS	GRADE
Development (Drawn Tons)	3,417		6,042	
Stopes and Stope Development (Drawn Tons)	115,792		30,174	
Total Break in Tons	130,638		38,574	
Total Tons Hoisted	118,301		36,216	
Broken Ore Reserves	54,909	0.452	9,819	1.058

MILLING

Summary of Mill operations with the previous year given for comparison.

	1972	1971
Tons Treated (includes 36,216 tons of Robin ore in 1972 and 26,289 in 1971)	156,126	148,636
Percent Operating Time	97.27	95.51
Tons Treated Per Day	426.6	407.2
Average Value of Mill heads in ounces of Gold per ton	0.594	0.595
Average Value of Mill tails in ounces of gold per ton	0.041	0.041
Recovery in ounces of gold per ton	0.553	0.554
Percent Recovery	93.15	93.11

DEVELOPMENT

	DICKENSON	ROBIN
Crosscutting (Includes Slashing)	851.0	541.4
Drifting (Includes Slashing)	343.7	1,922.4
Raising (Includes Slashing)	1,665.1	712.9
Underground Diamond Drilling	9,434	15,114

PROVEN ORE RESERVES

Proven Ore Reserves

	DICKENSON
At December 31, 1971	367,513 tons grading 0.507 ozs. gold per ton
At December 31, 1972	353,082 tons grading 0.474 ozs. gold per ton
Decrease	14,431 tons

Location of the ore reserves — 83% between 13th and 25th levels

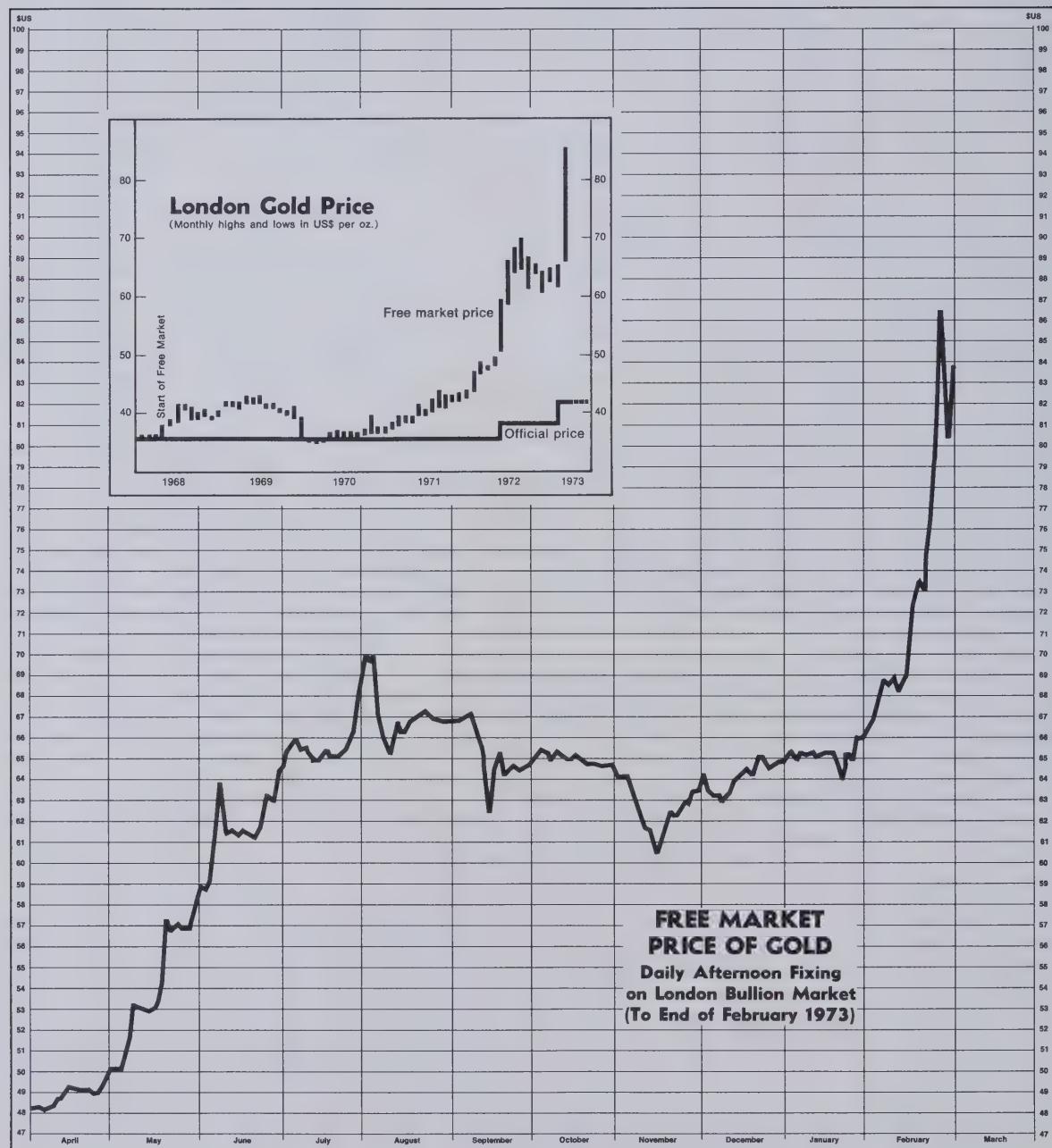
	ROBIN
At December 31, 1971	82,226 tons grading 0.788 ozs. gold per ton
At December 31, 1972	99,167 tons grading 0.847 ozs. gold per ton
Increase	16,941 tons

Location of the ore reserves — 100% between 15th and 23rd levels

I wish to thank the President and Directors, for their guidance and support, and to express appreciation to the Mine Department Heads, Staff and employees who have served the Company efficiently during the past year.

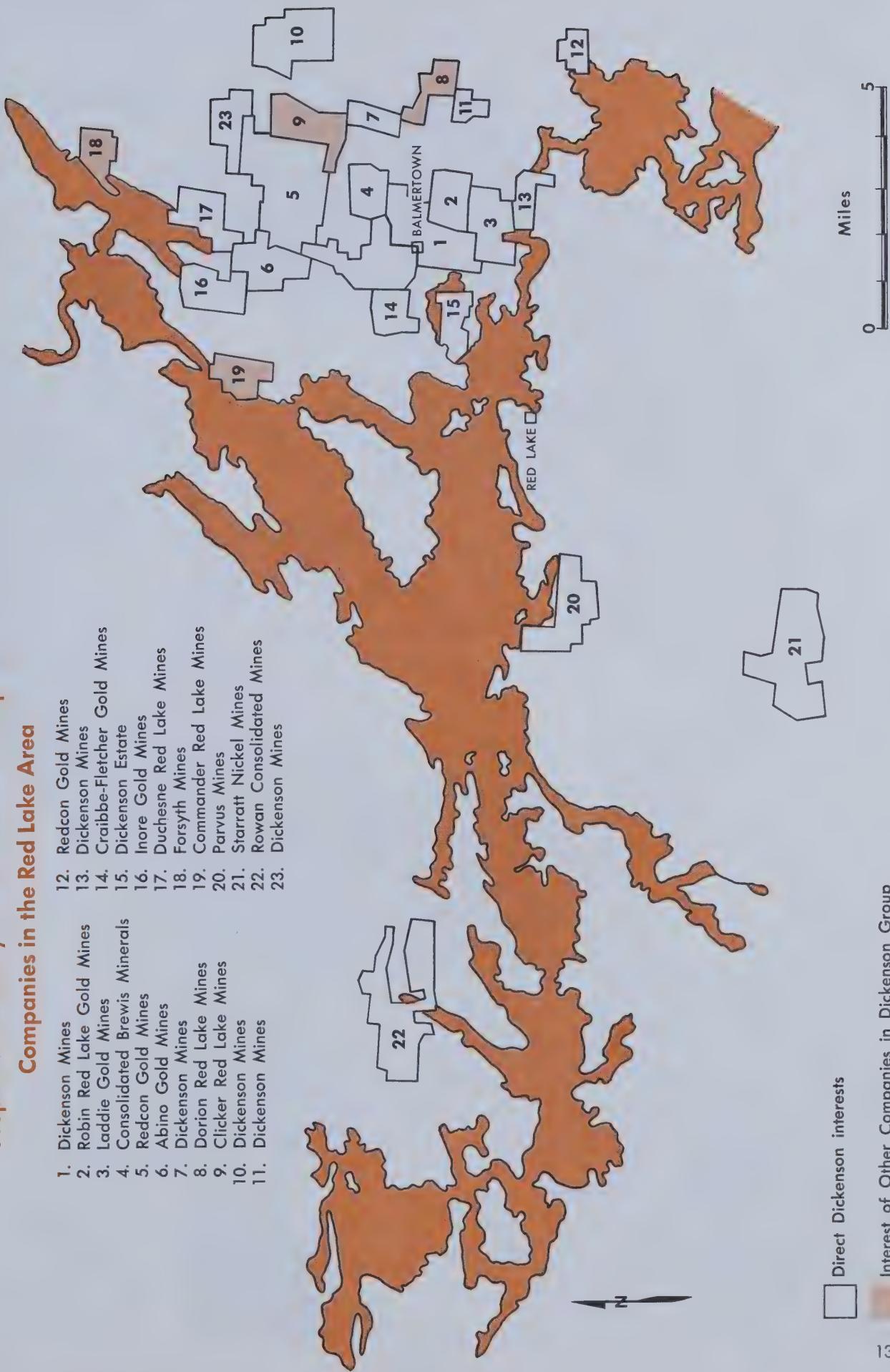
Respectfully submitted,

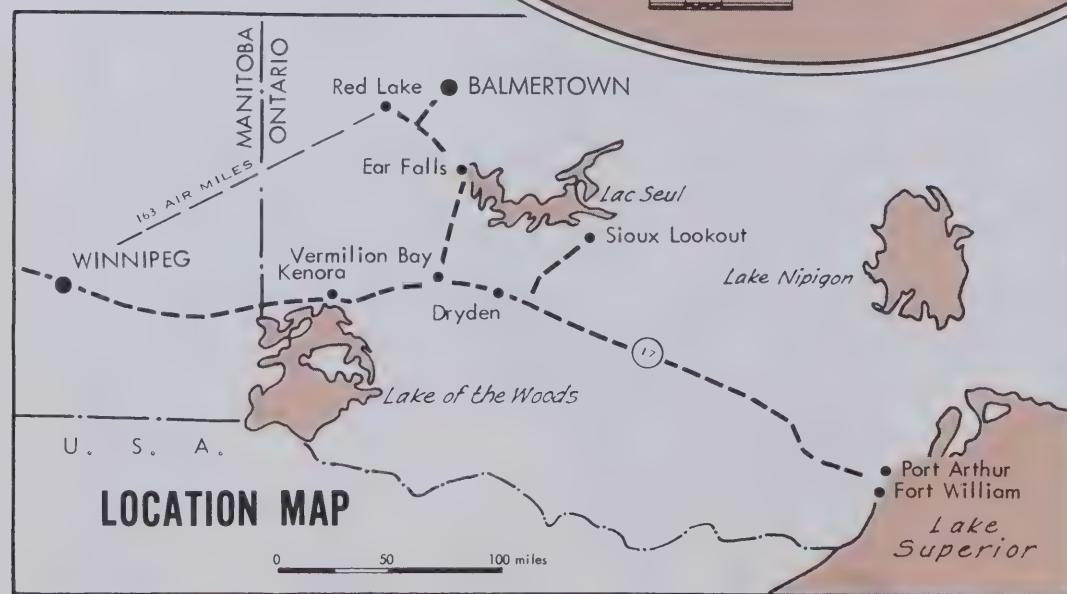
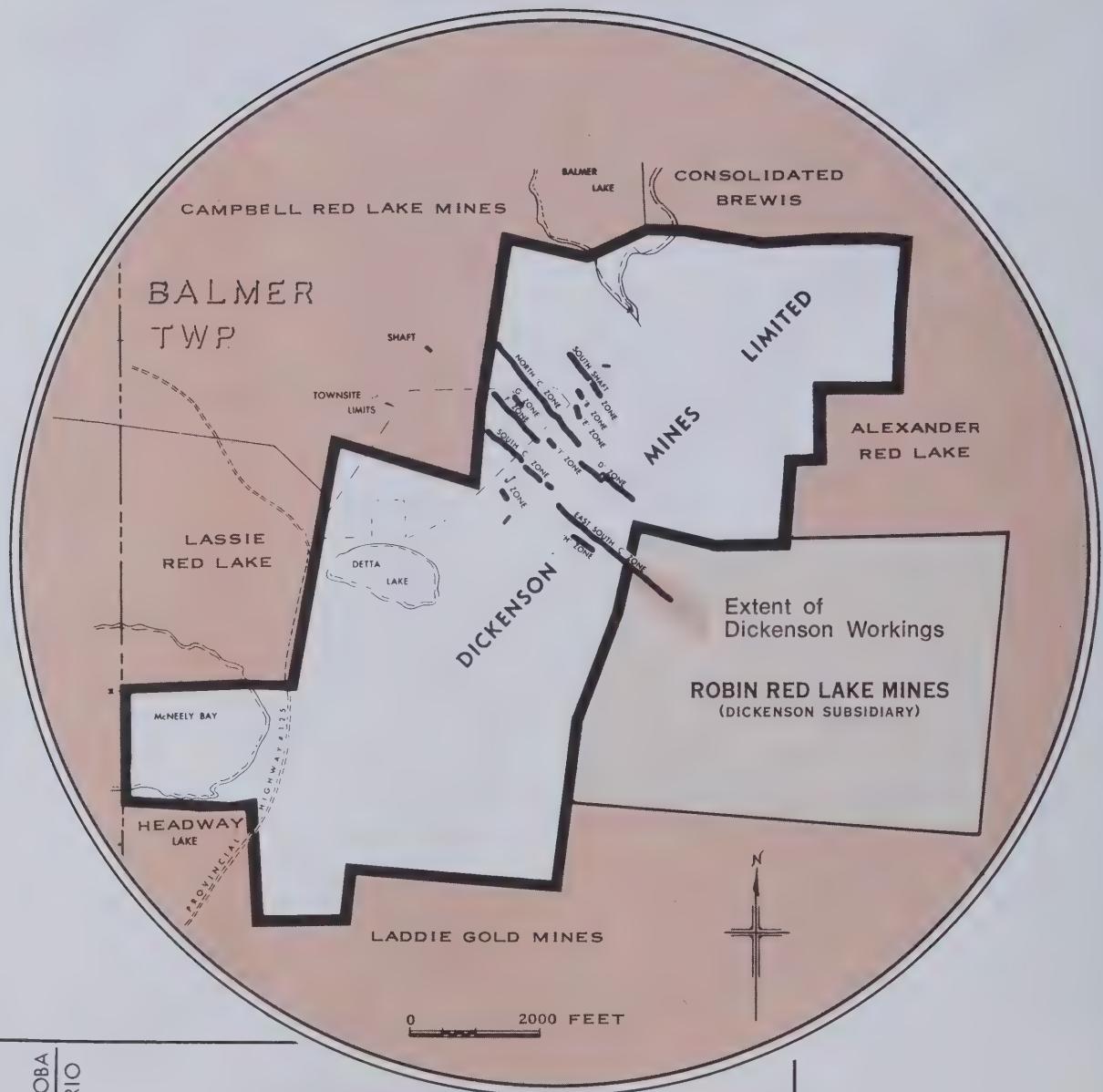
D. C. RANCE,
Mine Manager.



Properties Held By the Dickenson Group of Companies in the Red Lake Area

1. Dickenson Mines
2. Robin Red Lake Gold Mines
3. Laddie Gold Mines
4. Consolidated Brevills Minerals
5. Redcon Gold Mines
6. Abino Gold Mines
7. Dickenson Mines
8. Dorion Red Lake Mines
9. Clicker Red Lake Mines
10. Dickenson Mines
11. Dickenson Mines
12. Redcon Gold Mines
13. Dickenson Mines
14. Craibbe-Fletcher Gold Mines
15. Dickenson Estate
16. Inore Gold Mines
17. Duchesne Red Lake Mines
18. Forsyth Mines
19. Commander Red Lake Mines
20. Parvus Mines
21. Starratt Nickel Mines
22. Rowan Consolidated Mines
23. Dickenson Mines





ROBIN RED LAKE MINES LIMITED

ROBIN RED LAKE MINES LIMITED

REPORT TO SHAREHOLDERS

Although Robin Red Lake Mines Limited financial information for the year appears consolidated in the foregoing Dickenson Mines Limited financial statements we are pleased to present herewith the separate Financial Statements for 1972 for Robin Red Lake Mines reported upon by the auditors.

A composite analysis of Dickenson and Robin operations, provided by Mr. Derek Rance, the Dickenson General Manager, also precedes this page.

EXPLORATION AND DEVELOPMENT

Underground diamond drilling between the 21st level and the 26th level has recently been providing knowledge which promises to provide significant tonnages of ore. It is, however, too early at this stage to provide more positive information.

Submitted on behalf of the Board,

ARTHUR W. WHITE,
President.

Toronto, Ontario.

March 9, 1973.

AUDITORS' REPORT

To the Shareholders
Robin Red Lake Mines Limited

We have examined the balance sheet of Robin Red Lake Mines Limited as at December 31, 1972, together with the statements of income and retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972, and the results of its operations and the source and disposition of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 19, 1973.

GARDNER, McDONALD & CO.,
Chartered Accountants.

ROBIN RED LAKE MINES LIMITED

Statement of Income For the year ended December 31, 1972

	1972	1971
Revenue		
Bullion production	\$1,988,000	\$ 887,000
Interest	15,000	—
	<hr/> 2,003,000	<hr/> 887,000
Expense		
Development	187,000	153,000
Mining	296,000	225,000
Milling	138,000	99,000
Fees and charges for the use of underground facilities of parent company	290,000	182,000
Mine management, office and general	122,000	102,000
Head office administration and general	36,000	10,000
Marketing	9,000	4,000
Provision for tax under the Mining Tax Act, Ontario	131,000	9,000
	<hr/> 1,209,000	<hr/> 784,000
Operating Income	<hr/> 794,000	<hr/> 103,000
Other Expense		
Amortization of deferred development and administrative expenditures (Note 3)	136,000	99,000
Provision for depreciation of buildings (Note 4)	6,000	—
	<hr/> 142,000	<hr/> 99,000
Income Before Income Taxes	652,000	4,000
Income taxes (Note 2)	222,000	—
Net Income for the Year	<hr/> \$ 430,000	<hr/> \$ 4,000
Earnings per Share	<hr/> \$.14	<hr/> \$ —

The accompanying notes form an integral part of these financial statements.

ROBIN RED LAKE MINES LIMITED

ASSETS

	1972	1971
Current		
Cash and short-term deposits	\$ 554,000	\$ 105,000
Accounts receivable and accrued interest	2,000	—
Investment certificates	25,000	—
Due from parent company — Dickenson Mines Limited	190,000	38,000
	<u>771,000</u>	<u>143,000</u>
Fixed, at cost		
Buildings	43,000	—
Less: Accumulated depreciation (Note 4)	6,000	—
	<u>37,000</u>	—
 Mining claims (Note 4)	75,000	75,000
Townsite lots	25,000	—
	<u>137,000</u>	<u>75,000</u>
 Other Assets and Deferred Charges		
Deferred development and administrative expenditures, less amortization thereon (Note 3)	323,000	458,000
Organization expense	—	2,000
	<u>323,000</u>	<u>460,000</u>
	 <u><u>\$1,231,000</u></u>	 <u><u>\$ 678,000</u></u>

The accompanying notes form

BALANCE SHEET — December 31, 1972

LIABILITIES

Current	1972	1971
Accounts payable	\$ 2,000	\$ 1,000
Ontario mining tax payable	140,000	9,000
Income taxes payable	101,000	—
	<hr/> 243,000	<hr/> 10,000

SHAREHOLDERS' EQUITY

Share Capital (note 5)

Authorized
3,000,000 shares of \$1 each

Issued		
2,950,000 shares (2,873,188 in 1971)	2,950,000	2,873,000
Less: Discount on shares	1,338,000	1,300,000
	<hr/> 1,612,000	<hr/> 1,573,000
Excess of par value of shares issued for mining properties over value assigned for accounting purposes	925,000	925,000
	<hr/> 687,000	<hr/> 648,000
Retained Earnings	301,000	20,000
	<hr/> 988,000	<hr/> 668,000

Approved on behalf of the Board:

A. W. WHITE, Director.

H. R. HEARD, Director.

\$1,231,000

\$ 678,000

gral part of these financial statements.

ROBIN RED LAKE MINES LIMITED

Statement of Retained Earnings

For the year ended December 31, 1972

	1972	1971
Balance at Beginning of Year	\$ 20,000	\$ 16,000
Net income for the year	430,000	4,000
	<u>450,000</u>	<u>20,000</u>
Dividends paid	147,000	—
Organization expense written-off	2,000	—
	<u>149,000</u>	<u>—</u>
Balance at End of Year	<u>\$ 301,000</u>	<u>\$ 20,000</u>

Statement of Source and Disposition of Funds

For the year ended December 31, 1972

Source of Funds	1972	1971
Net income for the year	\$ 430,000	\$ 4,000
Add: Charges not requiring the use of funds		
Amortization of deferred development and administrative expenditures	136,000	99,000
Provision for depreciation of buildings	6,000	—
Proceeds from sale of capital stock	572,000	103,000
	<u>38,000</u>	<u>—</u>
	<u>610,000</u>	<u>103,000</u>
Disposition of Funds		
Dividend paid	147,000	—
Fixed asset additions	68,000	—
	<u>215,000</u>	<u>—</u>
Increase in Working Capital for the Year	395,000	103,000
Working capital at beginning of year	133,000	30,000
Working Capital at End of Year	<u>\$ 528,000</u>	<u>\$ 133,000</u>

The accompanying notes form an integral part of these financial statements.

ROBIN RED LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1972

1. MINING CLAIMS AND PROPERTIES

The company's mining claims and properties were acquired in July 1945, in consideration for the issue of 1,000,000 shares. For accounting purposes, such shares are assigned a value of 7½ cents per share — this being the approximate average issue price of various other shares which were issued for cash pursuant to the provisions of an agreement entered into during the same month in 1945. The difference of \$925,000 between the assigned value and the par value of the shares issued is shown as a deduction in the "Shareholders' Equity" section of the balance sheet.

2. INCOME TAXES

No part of the unamortized deferred development and administrative expenditures may be claimed by the company in computing its taxable income as they have been claimed by other mining companies for tax purposes by agreement and pursuant to section 66 of the Income Tax Act (Canada).

The amount charged against income for income taxes for the year ended December 31, 1972 represents the liability for that year. The company's liability for income taxes for the year has been reduced because of the depletion deduction allowable to operators of gold mines under regulations to the Income Tax Act.

3. AMORTIZATION

The company has established its amortization schedule in relation to deferred development and administrative expenditures at the rate of \$3.75 per ton of ore milled.

4. DEPRECIATION AND DEPLETION

Depreciation has been recorded in the accounts using the straight line method at the rate of 15% per annum.

The company has never followed the practice of providing for the depletion of its mining claims.

5. CAPITAL STOCK

During the year the directors and officers of the company and certain employees of Dickenson Mines Limited exercised options to purchase 76,812 shares of capital stock at a price of 50¢ per share for a total consideration of \$39,000.

6. STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined in the Business Corporations Act, 1970) during the year ended December 31, 1972 amounted to \$2,000 (\$1,000 in 1971).

In addition, the company paid \$17,000 during the year ended December 31, 1972 (\$6,000 in 1971) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

KAM-KOTIA MINES LIMITED

DIRECTORS

A. W. WHITE	- - - - -	Toronto, Ontario
G. W. WALKEY	- - - - -	Toronto, Ontario
D. F. BURT	- - - - -	Toronto, Ontario
	Solicitor, Burt, Burt, Wolfe & Bowman	
D. C. RANCE	Mine Manager, Dickenson Mines	Balmertown, Ontario
J. GEDDES	- - - - -	Mississauga, Ontario
H. V. WHITE	- - - - -	Toronto, Ontario
R. A. HALET	- - - - -	Toronto, Ontario
	Consulting Engineer, Halet, Broadhurst & Ogden	

OFFICERS

A. W. WHITE	- - - - -	President
G. W. WALKEY	- - - - -	Vice-President and General Manager
H. R. HEARD	- - - - -	Secretary-Treasurer

TIMMINS MINE

Mine Manager
Timmins Office Address

H. V. MAXWELL

Box 290, Timmins, Ontario

WESTERN DIVISION

Mine Manager
Mine Office Address

Wm. HOGG

New Denver, British Columbia

HEAD OFFICE

25 Adelaide St. West, Suite 416, Toronto, Ontario. Telephone 362-4581

TRANSFER AGENTS AND REGISTRAR

The Sterling Trusts Corporation, Toronto, Ontario
Canadian Bank of Commerce Trust Company, New York, N.Y.

STOCK LISTED

Toronto and Canadian Stock Exchanges — Symbol KKL

SOLICITORS

Burt, Burt, Wolfe & Bowman, Toronto, Ontario

AUDITORS

Thorne Gunn & Co., Toronto, Ontario

BANKERS

Canadian Imperial Bank of Commerce

ANNUAL MEETING

Friday, April 13, 1973, at 2:00 p.m. (Toronto Time)
Confederation Room, Royal York Hotel, Toronto, Ontario

KAM-KOTIA MINES LIMITED

SUMMARY

10 YEAR RECORD

	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
Metal recoveries—Timmins	\$ 4,511	5,744	8,009	15,841	11,208	9,159	7,769	6,969	5,009	3,998
Depreciation and amortization	\$ 455	474	700	691	777	898	676	646	791	583
Income (or loss) before income taxes	\$(1,265)	(597)	(2,801)	4,196	2,135	1,754	2,315	765	247	804
Income taxes	\$ —	—	(1,080)	1,240	684	540	350	—	—	—
NET INCOME (or LOSS)	\$(1,265)	(597)	(1,721)	2,956	1,451	1,214	1,965	765	247	804
Income (loss) per share	\$ (.295)	(.139)	(.412)	.69	.34	.29	.46	.18	.07	.22
Dividends paid per share	\$ —	—	.12	.10	.10	.20	.10	—	—	—
Shares outstanding	* 4,290	4,290	4,290	4,290	4,247	4,247	4,247	4,247	3,697	3,659
Production —										
Tons	* 422	480	651	818	669	680	465	598	639	400
Grade of copper	.73%	.786%	.78%	1.205%	1.37%	1.36%	1.67%	1.56%	1.26%	2.00%
Pounds of copper	* 4,868	6,093	8,225	16,071	14,448	14,850	12,707	15,338	13,692	12,868
Grade of zinc	2.38%	2.57%	2.19%	3.27%	3.37%	1.78%	1.965%	1.39%	1.74%	—
Pounds of zinc	* 11,775	16,151	18,676	31,250	25,897	11,377	8,734	5,840	2,523	—
Net working capital (or deficit) at year-end	\$ 685	1,294	232	5,066	2,769	1,834	1,798	955	(1,300)	(1,619)

* In thousands.

KAM-KOTIA MINES LIMITED

REPORT TO SHAREHOLDERS

The Board of Directors present herewith the Annual Report of Kam-Kotia Mines Limited together with the Financial Statements for 1972, reported upon by the auditors.

During the year efforts to find new ore were unsuccessful and it became apparent that economic ore reserves would be exhausted late in 1972, consequently the Directors regretfully made the decision to close down the operation, last ore was milled December 30, 1972 and the plant and property are now on a caretaker basis.

A brief review of the history of the mine may be interesting at this time. Hollinger Gold Mines acquired the property from Mr. George Jamieson and syndicate who staked it in the early 1920's. Hollinger incorporated Kam-Kotia Porcupine Mines with the stakers holding a minority interest. In 1942 War Time Metals by arrangement with Hollinger mined some 200,000 tons of copper ore. Violamac Mines acquired the property in 1959 and in 1960 the present management took over and decided to go into open pit production on a salvage basis. Actual production started in April 1961 and 1,000 tons per day was quickly reached.

Surface exploration defined the B and C zones. A shaft was sunk and by mid 1965 all production came from underground operations. Continuing exploration indicated 3.5 million tons of ore reserves by the end of 1965 after which ore reserves declined each year.

In 1966 the Company's name was changed to Kam-Kotia Mines Limited and the minority interest was acquired for shares. Total ore production from start of production in April 1961 to closing on December 30, 1972 was 6,433,619 tons grading 1.32% copper of which 4,858,407 tons graded 2.44% zinc. Metal production was 143,351,665 pounds of copper, about 78,000 tons of zinc in 161,000 tons of concentrate, 5,604 ounces of gold and 663,136 ounces of silver.

The extent of the search for ore on the property can be seen from the fact that a total of 560,700 feet of diamond drilling both from surface and underground indicated the ore tonnage mentioned above, or, roughly, a tenth of a foot of drilling for every ton mined.

A study of all geological information and all previous geophysical surveys was made and as a result further surveys were carried out on all Kam-Kotia properties in the vicinity of the mine and those of associated companies. Some anomalies were located and drilled, however, results were negative.

KAM-KOTIA – BURKAM JOINT VENTURE

The Joint Venture is operating, under lease, the Silmonac Mines property near Sandon, B.C., and your company as a partner, provides management. During 1972, the Joint Venture returned \$30,000 to Kam-Kotia leaving \$125,000 still to be returned. During the year, the Joint Venture mined and milled 27,429 tons grading 16.44 ounces of silver, 5.81% lead and 6.62% zinc which generated

a cash flow of \$213,885, after spending about \$250,000 on exploration. At the end of the year, proven ore reserves were almost exhausted, but, the operators are exploring a very large segment of the lode, considered to have good potential and are hopeful that profitable operations can be maintained for some time.

DAVIS-KEAYS MINING CO. LTD.

During 1972, a surface diamond drill program designed to explore the Eagle vein below the 5,950 level and along strike northeast of mine workings, was carried out and nine holes with a total footage of 8,733 ft. were completed. Results were inconclusive. Funds for this program were provided by a sale of Davis-Keays treasury shares. Recently both copper price and concentrate demand have improved and efforts to arrange the senior financing are continuing.

COBALT REFINERY

The refinery was closed in February, 1972 and all metals inventory recovered and sold. Stores and some plant equipment were sold.

In April, 1972, the basic plant and 72.87 acres of land was sold for \$155,000, with \$50,000 paid in cash and balance payable in two equal payments on May 1st, 1973 and 1974, with the balance secured by a mortgage. The townsite and remaining land was not sold, and rental of the houses provides an income to the company.

JAMELAND MINES

Jameland operations were terminated in December, 1972 due to exhaustion of ore reserves. Shutdown operations were completed by the end of the year. During the operating life of the mine, from November 1969 to December 1972, the mine produced 509,356 tons of ore grading 1.227% copper and 1.660% zinc, and this yielded 10,041,000 pounds of copper, 8,929,000 pounds of zinc, 10,969 ounces of silver and 478 ounces of gold.

APPRECIATION

The Board of Directors wishes to express its appreciation for the co-operation and loyalty of the Officers and Personnel of Kam-Kotia and its associated companies during a difficult period.

Submitted on behalf of the Board,

ARTHUR W. WHITE,
President.

Toronto, Ontario.
March 8, 1973.

KAM-KOTIA MINES LIMITED

(Incorporated under the laws of Ontario)
and its consolidated subsidiary companies

Consolidated Balance Sheet

ASSETS

Current Assets

	1972	1971
Cash	\$ 184,000	\$ 9,000
Metal settlements outstanding and inventories of metals, concentrates and products in process at net realizable value		
Copper and zinc (note 3)	950,000	1,371,000
Silver and other refinery products	109,000	
Accounts receivable	164,000	222,000
Income taxes recoverable	277,000	
	<u>1,298,000</u>	<u>1,988,000</u>
Investment in Other Companies (note 4)	6,420,000	6,278,000

Fixed Assets

Buildings, machinery and equipment at cost	6,250,000	7,726,000
Less accumulated depreciation	5,504,000	6,399,000
	<u>746,000</u>	<u>1,327,000</u>
Mining claims and properties at cost less depletion	28,000	54,000
Land at cost	7,000	7,000
	<u>781,000</u>	<u>1,388,000</u>

Other Assets and Deferred Charges

Supplies at average cost	145,000	317,000
Prepaid expenses and deposits	60,000	79,000
	<u>205,000</u>	<u>396,000</u>
	<u>\$ 8,704,000</u>	<u>\$10,050,000</u>

Approved by the Board:

A. W. WHITE, Director.

JAMES GEDDES, Director.

December 31, 1972

LIABILITIES

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Income

Year ended December 31, 1972

Mining	1972	1971
Revenue		
Metal recovery, gross value	\$4,511,000	\$5,744,000
Deduct transportation and treatment costs	<u>1,894,000</u>	<u>2,333,000</u>
	\$ 2,617,000	<u>3,411,000</u>
Expenses		
Development and mining	1,192,000	1,477,000
Milling	655,000	719,000
Mine management, office and general property ..	707,000	543,000
Head office administrative and general	<u>204,000</u>	<u>281,000</u>
	2,758,000	<u>3,020,000</u>
Operating income (loss) before undenoted items	(141,000)	391,000
Depreciation	401,000	432,000
Depletion of mining properties	<u>54,000</u>	<u>42,000</u>
	455,000	474,000
	(596,000)	(83,000)
Income (loss) from Kam-Kotia-Burkham Joint Venture ..	(2,000)	203,000
Operating income (loss) — mining	<u>(598,000)</u>	<u>120,000</u>
Outside exploration expenditures written off	18,000	30,000
	(616,000)	90,000
Investment income		
Dividends from Dickenson Mines Limited	27,000	
Other dividends, interest and royalties	77,000	60,000
Loss on sale of shares		(2,000)
	104,000	58,000
Income (loss) before extraordinary items	(512,000)	148,000
Extraordinary items		
Allowance for decline in value of investments		
Notes receivable from Jameland Mines Limited (note 5)	350,000	
Other	165,000	573,000
Loss on sale of shares of Davis-Keays Mining Co. Ltd. ..	238,000	
Provision for loss on realization of Cobalt Refinery, plant and equipment		172,000
	753,000	745,000
Income (loss) for the year	<u>\$ (1,265,000)</u>	<u>\$ (597,000)</u>
Income (loss) per share		
Income (loss) before extraordinary items	\$ (.119)	\$.034
Income (loss) for the year	<u>\$ (.295)</u>	<u>\$ (.139)</u>

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Retained Earnings

Year ended December 31, 1972

	1972	1971
Balance at beginning of year	\$5,414,000	\$6,011,000
Income (loss) for the year	(1,265,000)	(597,000)
Balance at end of year	<u>\$4,149,000</u>	<u>\$5,414,000</u>

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1972

Source of Funds	1972	1971
Operations		
Income (loss) before extraordinary items	\$ (512,000)	\$ 148,000
Items not involving current funds		
Depreciation, depletion and other items	471,000	499,000
Decrease in supplies and prepaid expenses	180,000	97,000
	<u>139,000</u>	<u>744,000</u>
Proceeds from sale of buildings, machinery and equipment (net)	164,000	14,000
Proceeds from sale of shares of Davis-Keays Mining Co. Ltd.	104,000	700,000
Decrease in investment in other companies (net)	31,000	22,000
Refund of deposits	11,000	24,000
	<u>449,000</u>	<u>1,504,000</u>
Application of Funds		
Investment in Davis-Keays Mining Co. Ltd.	430,000	442,000
Advanced under guarantee to retire Jameland's bank indebtedness	600,000	
Mining claims	28,000	
	<u>1,058,000</u>	<u>442,000</u>
Increase (decrease) in working capital	(609,000)	1,062,000
Working capital at beginning of year	1,294,000	232,000
Working capital at end of year	<u>\$ 685,000</u>	<u>\$1,294,000</u>

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1972

1. SUBSIDIARY COMPANIES

The consolidated financial statements include the accounts of the wholly owned subsidiary companies, Deebank Limited and Cobalt Refinery Limited. The non-consolidated subsidiary companies have been excluded from the consolidation as they are dormant or are developing their properties and their expenditures since acquisition of control have been deferred to future operations except for certain write-offs, security profits and custom milling losses, carried direct to deficit. The proportion of the net income attributable to the shares held by Kam-Kotia in such subsidiary companies for their fiscal years ended in 1972 amounts to \$3,400 (1971, losses of \$1,100) and the proportion of accumulated losses attributable to these shares for the period since acquisition amounts to \$283,000 which is substantially less than the amounts written off in respect of the investment in such subsidiary companies.

2. INVESTMENT IN DAVIS-KEAYS MINING CO. LTD.

At December 31, 1972, Kam-Kotia's investment in Davis-Keays amounted to \$4,126,000. Exploration, development and administrative expenditures amounting to \$6,020,000 at December 31, 1972 have been incurred in the development of Davis-Keays property. These expenditures have been deferred in the accounts of Davis-Keays with the intention that they should be amortized by charges against income from future mining operations. While no substantial expenditures are planned for 1973, studies of the feasibility of alternate methods of bringing the property into production are continuing. These studies have not reached the stage where an opinion can be expressed that the expenditures on the property will or will not be recoverable by charges against income from future mining operations. Return on the investment from mining operations is accordingly dependent upon the obtaining of adequate financing and the successful development of an economic mining operation.

3. METAL PRICES

In computing the net realizable value of metal settlements outstanding at December 31, 1972 copper has been valued at 48.9¢ per pound less treatment charges of 11.7¢ per pound.

4. INVESTMENT IN OTHER COMPANIES

	1972	1971
Davis-Keays Mining Co. Ltd. (note 2)		
1,349,550 (1971 — 1,002,050) shares at cost (quoted market value 1972 — \$648,000; 1971 — \$700,000)	\$3,851,000	\$3,823,000
Notes receivable	275,000	215,000
	4,126,000	4,038,000
Dickenson Mines Limited		
534,409 shares at cost (quoted market value 1972 — \$978,000; 1971 — \$401,000)	1,644,000	1,644,000
Jameland Mines Limited (note 5)		
1,514,995 shares at cost	805,000	805,000
Notes receivable	600,000	
Other listed shares at cost (quoted market value 1972 — \$178,000; 1971 — \$158,000)	303,000	295,000
Interest in non-consolidated subsidiary companies at cost less amounts written off (note 1)	52,000	54,000
Other shares, advances and participations at cost less amounts written off	1,184,000	1,221,000
Less allowance for decline in value	8,714,000	8,057,000
	2,294,000	1,779,000
	\$6,420,000	\$6,278,000

5. OPERATIONS SUSPENDED

Operations at the company's mine at Timmins were suspended December 31, 1972 and at the Jameland mine on December 18, 1972. Allowance for decline in the value of the company's investment in shares of Jameland costing \$805,000 has been fully provided for in the accounts.

A provision has also been made to reduce the value of the notes receivable from Jameland, amounting to \$600,000, to their estimated realizable value of \$250,000.

6. DEPRECIATION AND DEPLETION

Depreciation of buildings, machinery and equipment has been recorded on the straight line method at the rate of 15%.

Depletion of mining properties has been recorded to fully amortize their cost at December 31, 1972.

7. INCOME TAXES

Development expenditures of approximately \$1,800,000 are available to be claimed for tax purposes in future years. These expenditures consist of approximately \$1,550,000 made on Davis-Keays mining property (for which shares of Davis-Keays were received and are included in investments) and approximately \$250,000 of expenditures on the company's mining property (which have been written off in the accounts but are still available to be claimed for tax purposes).

8. OTHER INFORMATION

Direct remuneration of the company's directors and senior officers (including the five highest paid employees as required by The Business Corporations Act) amounted to \$111,000 in 1972 and \$117,000 in 1971.

In addition the company paid \$109,000 in 1972 (1971 — \$130,000) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

AUDITORS' REPORT

To the Shareholders of
Kam-Kotia Mines Limited

We have examined the consolidated balance sheet of Kam-Kotia Mines Limited and its consolidated subsidiary companies as at December 31, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE GUNN & CO.,
Chartered Accountants.

Toronto Canada,
February 8, 1973.

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

STATEMENT OF OPERATIONS OF KAM-KOTIA-BURKAM JOINT VENTURE

Year ended December 31, 1972

	1972	1971
Revenue		
Metal recovery, gross value	\$1,353,000	\$2,553,000
Deduct transportation and treatment costs	515,000	971,000
	838,000	1,582,000
Sundry income	20,000	
	858,000	1,582,000
Expenses		
Exploration and development	159,000	171,000
Mining	227,000	351,000
Milling	153,000	280,000
Mine management, office and general property	151,000	178,000
	690,000	980,000
Operating income before undernoted items	168,000	602,000
Deduct		
Interest of joint venture partner (50%)	84,000	301,000
Depreciation	86,000	98,000
	170,000	399,000
Income (loss) — Kam-Kotia share	\$ (2,000)	\$ 203,000

Kam-Kotia—Burkam Joint Venture

A Brief Summary of 1972 Operation

	1972	Sept. 1970 to 1972
Tons ore milled	27,429	79,815
Tons per day	75.14	93.67
Value of Production	\$ 858,000	\$4,050,000
Cash Flow	\$ 167,000	\$ 977,000
Average Mill heads		
Silver ounces/ton	16.44	17.62
Lead %	5.81	6.38
Zinc %	6.62	6.63

KAM-KOTIA MINES LIMITED

REPORT OF OPERATIONS

My report covering operations of the Timmins Area Mine for the year ending December 31, 1972 is submitted.

PRODUCTION DATA

Copper	1972	1961 to 1972
Dry Tons Milled	422,399	6,433,619
Average Tons Per Day	1,157	1,545
Mill Heads % Copper	0.73	1.320
Copper Concentrate Dry Tons ..	16,289.17	379,068.95
Copper Concentrate Grade % ..	16.04	18.99
Pounds Returnable Copper ...	4,868,000	143,351,665
Copper Recovery %	84.65	84.32
Zinc	1972	1961 to 1972
Dry Tons Milled	422,399	4,858,407
Zinc Mill Heads	2.38	
Zinc Concentrate Tons	14,640.313	160,984.963
Zinc Concentrate Grade % ...	48.86	48.82
Zinc Recovery %	71.57	60.00
Ounces Gold Paid For	423.521	5,604.074
Ounces Silver Paid For	42,524.76	663,136.480

UNDERGROUND PRODUCTION

Total tonnage hoisted was 427,131 tons consisting of 419,138 tons of ore and 8,003 tons of production waste. Production hoisting was suspended effective December 30, 1972 as economic ore reserves were depleted. Broken tonnage remaining at December 31, 1972 was 16,590 tons.

DEVELOPMENT

Total mine development was 2,397 feet comprised of 302 feet of raises and 2,095 feet of drifts and x-cuts, which was all for stope development of miscellaneous fringe

ore blocks above 5th level. No new ore was found, miscellaneous fringe blocks were re-evaluated and extracted.

EXPLORATION

A low frequency E.M. Survey was completed over 20 line/miles followed by an I.P. Survey which was looped via mine workings on the 9th and 5th levels of #1 Shaft. Two anomalies resulted and drilling was recommended. Three surface holes totalling 1,639 feet were drilled with negative results. Underground exploration consisted of re-evaluating previous information. No new ore was found.

ORE RESERVES

All economic ore was depleted December 30, 1972.

APPRECIATION

I record my appreciation and thanks to the staff and crew who are responsible for the continuance of operations through-out the year which presented many difficulties. The guidance and support of President, General Manager and Directors is also gratefully acknowledged.

Respectfully submitted,

H. V. MAXWELL,
Mine Manager.

Jameland Mines Limited

DIRECTORS

A. W. WHITE	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
H. R. HEARD	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
D. F. BURT	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
G. W. WALKEY	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
JAMES GEDDES	-	-	-	-	-	-	-	-	-	-	-	Mississauga, Ontario
TOM B. BORRESEN	-	-	-	-	-	-	-	-	-	-	-	Stockholm, Sweden
TORSTEN E. JENSFELT	-	-	-	-	-	-	-	-	-	-	-	Stockholm, Sweden

OFFICERS

A. W. WHITE	-	-	-	-	-	-	-	-	-	-	-	President
G. W. WALKEY	-	-	-	-	-	-	-	-	-	-	-	Vice-President and General Manager
H. R. HEARD	-	-	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
H. V. MAXWELL	-	-	-	-	-	-	-	-	-	-	-	Mine Manager

MINE OFFICE ADDRESS

Box 290, Timmins, Ontario

TRANSFER AGENTS AND REGISTRAR

THE STERLING TRUSTS CORPORATION, Toronto, Ontario

SOLICITORS

BURT, BURT, WOLFE & BOWMAN, Toronto, Ontario

AUDITORS

GARDNER, McDONALD & CO., Toronto, Ontario

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE

HEAD OFFICE

25 Adelaide Street West, Suite 416, Toronto, Ontario

ANNUAL MEETING

Thursday, April 12, 1973, at 2:00 p.m. (Toronto Time), in Suite 416,
25 Adelaide Street West, Toronto, Ontario

Jameland Mines Limited

REPORT TO SHAREHOLDERS

We present herewith the financial statements of Jameland Mines Limited for the year ended December 31, 1972 reported upon by the auditor.

The directors of the Company regretfully had to make the decision to close down the operation at Timmins since ore reserves were exhausted. Details of the last year's mining are provided by the Mine Manager's report following.

Submitted on behalf of the Board,

Toronto, Ontario.

March 9, 1973.

ARTHUR W. WHITE,

President.

AUDITORS' REPORT

To the Shareholders
Jameland Mines Limited

We have examined the balance sheet of Jameland Mines Limited as at December 31, 1972, together with the statements of deficit, income and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1972, and the results of its operations and the source and disposition of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GARDNER, McDONALD & CO.,
Chartered Accountants.

Toronto, Ontario.
February 7, 1973.

Jameland Mines Limited

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET — DECEMBER 31, 1972

ASSETS

Current

	1972	1971
Metal settlements outstanding from Kam-Kotia Mines Limited, at net realizable value (note 2)	\$ 342,000	\$ 515,000
Accounts and interest receivable	—	13,000
Prepaid insurance	1,000	2,000
	<u>343,000</u>	<u>530,000</u>

Fixed

Buildings, machinery and equipment, at cost	1,175,000	1,175,000
Less: Accumulated depreciation	929,000	635,000
	<u>246,000</u>	<u>540,000</u>
Mining claims at nominal value	—	79,000
	<u>246,000</u>	<u>619,000</u>

Other Assets and Deferred Charges

Service deposit, at cost	12,000	12,000
Shaft sinking and development expenditures, less amortization thereon (note 3)	—	530,000
	<u>12,000</u>	<u>542,000</u>
	<u>\$ 601,000</u>	<u>\$1,691,000</u>

LIABILITIES

Current

Bank overdraft	\$ 4,000	\$ 1,000
Bank loan (note 1)	—	1,000,000
Accounts payable	9,000	15,000
Due to Kam-Kotia Mines Limited	171,000	337,000
Demand notes payable to affiliated companies	1,000,000	—
	<u>1,184,000</u>	<u>1,353,000</u>

SHAREHOLDERS' EQUITY

Share Capital

Authorized		
5,000,000 shares of \$1 each		
Issued		
5,000,000 shares	5,000,000	5,000,000
Less: Discount on shares	2,476,000	2,476,000
	<u>2,524,000</u>	<u>2,524,000</u>
Deficit	3,107,000	2,186,000
	<u>(583,000)</u>	<u>338,000</u>
	<u>\$ 601,000</u>	<u>\$1,691,000</u>

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board:

A. W. WHITE, Director.

H. R. HEARD, Director.

Jameland Mines Limited

STATEMENT OF INCOME

For the year ended December 31, 1972

	1972	1971
Revenue		
Metal recovery, gross value	\$1,964,000	\$2,158,000
Deduct: Transportation and treatment costs	865,000	737,000
	<hr/>	<hr/>
	1,099,000	1,421,000
Expense		
Exploration and development	5,000	84,000
Mining	499,000	695,000
Milling	382,000	443,000
Mine management, office and general	146,000	160,000
Head office administration and general	44,000	46,000
Interest	33,000	108,000
Shut-down expense	8,000	—
	<hr/>	<hr/>
	1,117,000	1,536,000
Operating Loss, before the undenoted items:	<hr/>	<hr/>
18,000	115,000	
Amortization of shaft sinking and development expenditures (note 3)	530,000	636,000
Provision for depreciation of buildings, machinery and equipment (note 3)	294,000	294,000
Write-down of mining claims to nominal value	79,000	—
	<hr/>	<hr/>
	903,000	930,000
Net Loss for the Year	<hr/>	<hr/>
\$ 921,000	\$ 1,045,000	

STATEMENT OF DEFICIT

For the year ended December 31, 1972

	1972	1971
Balance at beginning of year	\$2,186,000	\$1,141,000
Net Loss for the year	921,000	1,045,000
Balance at end of year	<hr/>	<hr/>
	\$3,107,000	\$2,186,000

The accompanying notes form an integral part of these financial statements.

Jameland Mines Limited

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

For the year ended December 31, 1972

Source of Funds	1972	1971
	\$	
Decrease in supplies	—	1,000
	—	1,000
Disposition of Funds		
Net loss for the year	921,000	1,045,000
Less: Charges not requiring the use of funds		
Amortization charges	(530,000)	(636,000)
Depreciation charges	(294,000)	(294,000)
Write-down of mining claims	(79,000)	—
	18,000	115,000
Increase in Working Capital Deficiency	18,000	114,000
Working capital deficiency at beginning of year	823,000	709,000
Working Capital Deficiency at end of year	<u>\$ 841,000</u>	<u>\$ 823,000</u>

The accompanying notes form an integral part of these financial statements.

Jameland Mines Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1972

1. BANK LOAN AND NOTES PAYABLE TO AFFILIATED COMPANIES

As at December 31, 1972, Dickenson Mines Limited and Kam-Kotia Mines Limited had advanced \$400,000 and \$600,000 respectively to Jameland pursuant to guarantees given by Dickenson and Kam-Kotia. As agreed, Jameland applied the funds so received in repayment of the bank loan and issued demand notes payable to Dickenson and Kam-Kotia for their advances.

2. METAL PRICES

In computing the net realizable value of metal settlements outstanding at December 31, 1972 —

- (a) copper has been valued at 48.5¢ per pound less treatment charges of approximately 11.8¢ per pound;
- (b) zinc and other products have been valued at net selling prices.

3. DEPRECIATION AND AMORTIZATION

Depreciation and amortization have been recorded in the company's accounts using the straight line method at rates of 25% and 33½% per annum respectively.

4. STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined in the Business Corporations Act, 1970) during the year ended December 31, 1972 amounted to \$1,000 (\$1,000 in 1971).

In addition, the company paid \$12,000 during the year ended December 31, 1972 (\$12,000 in 1971) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

5. SUSPENSION OF OPERATIONS

Operations at the company's mine at Timmins were suspended on December 18, 1972.

Jameland Mines Limited

REPORT OF OPERATIONS

My report covering the Company's Timmins Operations for the year ending 1972.

PRODUCTION AND MILLING

134,029 tons of ore were milled at Kam-Kotia's plant during 1972. Average grade of ore milled was 0.94% copper and 3.59% zinc.

PRODUCTION DATA

Copper	1972	1971	Total to Date
Dry Tons Milled ..	134,029	156,586	509,356
Average Tons Per Day	375	429	
Mills Heads Copper %94	1.29	1.227
Copper Concentrate Dry Tons	6,701.78	10,015.66	31,027.68
Copper Concentrate Grade %	15.87	17.45	17.37
Copper Recovery %	84.65	86.40	86.24
Pounds Returnable Copper	1,977,320	3,268,760	10,041,392
Ounces Silver Paid For	7,004.19	14,542.14	10,969.48
Ounces Gold Paid For	134.961	161.856	478.678
Zinc	1972		Total to Date
Dry Tons Milled ..	134,029*		
Zinc Mill Heads %	3.59		1.660
Zinc Concentrate Tons	7,004		10,969.48
Zinc Concentrate Grade %	49.0		49.29
Zinc Recovery %	71.62		72.21
Pounds Returnable Zinc	5,662,041		8,929,822

* Zinc production since May 1971 as zinc heads exceeded .70% zinc.

MINING OPERATIONS

113,132 tons of ore were broken during the period.

All mining and ore removal was terminated December 20th and mine was put on salvage basis.

GENERAL COMMENT

All known economic reserves were exhausted during the period. The ore lenses that have been mined to date were irregular pads of both massive sulphides and/or disseminated stringer type ore.

Future exploration may provide drill targets by geo-chemical technique and/or more sophisticated geophysical equipment.

ACKNOWLEDGEMENT

I record my appreciation and thanks to the staff and crew who were responsible for the carrying out of the work throughout the year.

The guidance and support of the General Manager, President and Directors which was always available is likewise gratefully acknowledged.

Respectfully submitted,

H. V. MAXWELL,
Mine Manager.

INVESTMENT SCHEDULE

THESE COMPANIES → held shares in THESE COMPANIES at December 31, 1972	KAM-KOTIA (including Deebank)	Percentage of Outstanding shares	DICKENSON	Percentage of Outstanding shares
Abino Gold Mines Limited	586,250	17.7	1,354,700	40.8
Amalgamated Rare Earth	579,434	13.7		
Candore Explorations			36,666	.7
Carnegie Mining	1,615,018*	68.1		
Cincinnati-Porcupine	2,625,779	41.9		
Consolidated Brewis			454,882	26.4
Canadian Arrow	704,417	19.8		
Craigbe-Fletcher			983,300	27.3
Davis-Keays Mining	1,349,550	39.5		
Deebank Limited	10,003*	100.0		
Dickenson Mines	534,409	15.0		
Duchesne Red Lake			875,500*	64.9
Gateway Uranium	330,000	22.4		
Glencair Mining	1,141,322*	57.1		
Inore Gold Mines	604,000	34.5		
Jameland Mines	1,514,995	30.3	775,000	15.5
Kamisfair Mines	640,000*	85.3		
Kam-Kotia Mines			2,097,608	48.9
Kenwest Mines			1,800,008*	60.0
Laddie Gold Mines	75,000	4.3	475,000	26.7
Langis Silver & Cobalt	67,500	1.7	369,450	9.7
Lithia Mines & Chemicals	680,710*	64.5		
Lone Bachelor	1,180,000*	89.8		
Mareast Explorations	438,000	23.5		
New Kelore Mines	256,050	4.9		
New Cinch Uranium	35,000	1.7	425,000	20.2
Nickel Rim Mines	174,000	2.9	274,000	4.6
Parvus Mines			856,125	46.3
Penobscot Mining Company			957,318	48.7
Pidgeon Molybdenum			391,000	23.5
Pleno Mines	948,549	39.2		
Redcon Gold Mines			552,221	17.8
Robin Red Lake			2,308,088*	78.2
Silmonac Mines	657,031	22.2		
Tundra Gold Mines	15,000	.4	1,188,588	28.0
United Macfie Mines	1,220,760	40.4		

*Subsidiary companies.

